

**KINGSLEY HOUSE, INC.
(A Nonprofit Organization)**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

For the Years Ended June 30, 2010 and 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/2/11

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REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kingsley House, Inc.
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position of Kingsley House, Inc. (a nonprofit organization) (the "Organization") as of June 30, 2010, with comparative totals for 2009, and the related Statements of Activities, Cash Flows, and Functional Expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kingsley House, Inc. as of June 30, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated December 21, 2010 on our consideration of Kingsley House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying Schedule of Support, Revenues and Expenses in Accordance with United Way Requirements on pages 20 through 22, is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the basic financial statements and, accordingly, we express no opinion on it. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is not a required part of the basic financial statements. The Schedule of Federal Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Reboue & Company

December 21, 2010

FINANCIAL STATEMENTS

KINGLSEY HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2010 with Comparative Total for 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
ASSETS					
Cash and cash equivalents	\$ 343,546	\$ -	\$ -	\$ 343,546	\$ 512,563
Investments	1,260,723	-	-	1,260,723	1,209,586
Due to/due from	72,469	(86,888)	14,419	-	-
Unconditional promise to give	-	551,109	-	551,109	536,962
Accounts receivable:					
Government contracts	387,391	-	-	387,391	356,018
Other	36,965	-	-	36,965	35,126
Prepaid expenses	88,453	-	-	88,453	134,214
Cash held for acquisition of property and donor restricted purposes	-	58,039	-	58,039	44,522
Long-term investments	-	-	179,269	179,269	139,793
Land, buildings, and equipment, net	1,091,720	4,245,500	-	5,337,220	5,695,402
TOTAL ASSETS	\$ 3,281,267	\$ 4,767,760	\$ 193,688	\$ 8,242,715	\$ 8,664,186
LIABILITIES AND NET ASSETS					
Accounts payable	\$ 343,631	\$ 51	\$ -	\$ 343,682	\$ 374,838
Funds held for others	-	-	-	-	-
Short-term debt	-	-	-	-	-
Long-term debt	-	-	-	-	-
TOTAL LIABILITIES	343,631	51	-	343,682	374,838
Net Assets					
Unrestricted	1,703,876	-	-	1,703,876	1,769,886
Board designated	1,233,760	-	-	1,233,760	1,160,694
Total Unrestricted	2,937,636	-	-	2,937,636	2,930,580
Temporarily restricted	-	4,767,709	-	4,767,709	5,204,555
Permanently restricted	-	-	193,688	193,688	154,213
TOTAL NET ASSETS	2,937,636	4,767,709	193,688	7,899,033	8,289,348
TOTAL LIABILITIES AND NET ASSETS	\$ 3,281,267	\$ 4,767,760	\$ 193,688	\$ 8,242,715	\$ 8,664,186

See accompanying notes to financial statements.

KINGSLEY HOUSE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Federal and state contract revenues	\$ 4,158,088	\$ -	\$ -	\$ 4,158,088
Foundation and corporate contract revenues	1,257,067	(173,820)	-	1,083,247
Contributions	239,565	-	27,750	267,315
United Way	90,490	-	-	90,490
United Way funding for next year	-	551,109	-	551,109
Program fees	88,650	-	-	88,650
Other income	87,384	4	-	87,388
Transfers	1,600	-	(1,600)	-
Investment income	131,968	-	13,543	145,511
Net assets released from restrictions:				
United Way funding for the year	536,962	(536,962)	-	-
Restrictions satisfied by payments	277,177	(277,177)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	6,868,951	(436,846)	39,693	6,471,798
EXPENSES				
Program services:				
Pre-school day care	1,365,168	-	-	1,365,168
School age day care/youth	434,814	-	-	434,814
Adult day health care	719,936	-	-	719,936
Family Life Services	522,092	-	-	522,092
Resource Center	99,621	-	-	99,621
Health Care for All	472,293	-	-	472,293
Early Head Start	1,336,704	-	-	1,336,704
Resettlement and Recovery Services	397,460	-	-	397,460
Community and Supportive Services	301,694	-	-	301,694
Participants Meal Program	209,470	-	-	209,470
Supporting services:				
Management and general	923,247	-	218	923,465
Fund-raising	79,396	-	-	79,396
TOTAL EXPENSES	6,861,895	-	218	6,862,113
 INCREASE (DECREASE) IN NET ASSETS	 7,056	 (436,846)	 39,475	 (390,315)
 NET ASSETS AT BEGINNING OF YEAR	 2,930,580	 5,204,555	 154,213	 8,289,348
 NET ASSETS AT END OF YEAR	 <u>\$ 2,937,636</u>	 <u>\$ 4,767,709</u>	 <u>\$ 193,688</u>	 <u>\$ 7,899,033</u>

See accompanying notes to financial statements.

KINGSLEY HOUSE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Federal and state contract revenues	\$ 3,596,432	\$ -	\$ -	\$ 3,596,432
Foundation and corporate contract revenues	1,004,430	1,710	-	1,006,140
Contributions	333,012	66,681	-	399,693
United Way	247,777	-	-	247,777
United Way funding for next year	-	536,962	-	536,962
Program fees	87,116	-	-	87,116
Other income	69,451	-	-	69,451
Transfers	60,213	(60,213)	-	-
Investment income (loss)	(114,612)	-	-	(114,612)
Net assets released from restrictions:				
United Way funding for the year	275,000	(275,000)	-	-
Restrictions satisfied by payments	299,754	(299,754)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>5,858,573</u>	<u>(29,614)</u>	<u>-</u>	<u>5,828,959</u>
EXPENSES				
Program services:				
Pre-school day care	1,166,406	-	-	1,166,406
School age day care/youth	461,596	-	-	461,596
Adult day health care	674,451	-	-	674,451
Family Life Services	352,550	-	-	352,550
Resource Center	249,884	-	-	249,884
Health Care for All	425,844	-	-	425,844
Early Head Start	880,692	-	-	880,692
Resettlement and Recovery Services	452,725	-	-	452,725
Community and Supportive Services	4,153	-	-	4,153
Participants Meal Program	260,676	-	-	260,676
Supporting services:				
Management and general	986,096	-	-	986,096
Fund-raising	102,182	-	-	102,182
TOTAL EXPENSES	<u>6,017,255</u>	<u>-</u>	<u>-</u>	<u>6,017,255</u>
 INCREASE (DECREASE) IN NET ASSETS	 (158,682)	 (29,614)	 -	 (188,296)
 NET ASSETS AT BEGINNING OF YEAR	 <u>3,089,262</u>	 <u>5,234,169</u>	 <u>154,213</u>	 <u>8,477,644</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 2,930,580</u>	 <u>\$ 5,204,555</u>	 <u>\$ 154,213</u>	 <u>\$ 8,289,348</u>

See accompanying notes to financial statements.

KINGSLEY HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010

	Program Services												Supporting Services		Total
	Pre-School Day Care	School Age Day Care/Youth	Adult Day Health Care	Family Life Services	Resource Center	Health Care for All	Early Head Start	Respite and Recovery Services	Community & Supportive Services	Participant Meals Program	Management and General	Food-Raising	Total		
Compensation	\$ 823,187	\$ 231,723	\$ 419,206	\$ 342,969	\$ 45,059	\$ 266,460	\$ 805,752	\$ 245,361	\$ 193,874	\$ 42,727	\$ 519,440	\$ 47,729	\$ 3,983,487		
Employee Benefits															
Medical & Hospital Plan	81,586	9,250	38,927	38,349	4,645	38,255	82,381	24,813	9,462	6,277	51,823	3,249	389,017		
Retirement	22,897	1,689	11,558	4,263	232	7,988	17,080	4,527	2,640	1,194	17,896	64	92,028		
Other	5,298	534	2,553	2,120	329	1,847	5,309	1,592	1,311	329	4,042	309	25,573		
Payroll Taxes	63,360	19,207	31,607	26,730	3,483	21,883	62,569	18,398	15,861	4,278	42,513	3,616	313,505		
Total compensation & related	996,328	262,403	503,851	414,431	53,748	336,433	973,091	294,691	223,148	54,805	635,714	54,967	4,803,610		
Conference, conventions, and meetings															
Food	7,747	889	2,304	1,172	850	2,460	10,255	1,534	2,415	-	2,653	-	32,279		
Insurance	14,877	893	2,616	113	-	491	17,797	441	-	127,530	2,942	-	167,700		
Membership dues	28,813	13,441	18,187	6,297	1,722	8,711	23,928	6,688	6,294	5,293	14,817	810	135,001		
Occupancy	1,598	192	550	732	223	3,047	2,094	1,868	900	-	283	-	11,487		
Utilities															
Rent	31,540	20,437	22,349	5,896	148	7,848	22,663	4,184	3,382	-	18,894	587	137,928		
Maintenance & repair	46,977	12,490	34,548	13,799	469	13,572	36,801	9,109	5,375	-	17,403	468	197,265		
Misc Occupancy Costs	50	50	50	-	-	-	140	-	-	-	-	-	290		
Waste pick-up	3,009	1,285	1,734	369	-	1,091	1,806	288	296	-	801	45	13,256		
Guard service	10,188	3,909	5,586	2,365	128	2,824	6,838	1,755	1,755	-	4,912	132	39,792		
Building Insurance	12,558	10,400	8,284	1,411	41	4,036	7,951	2,631	3,764	-	5,866	110	57,052		
Fees for service															
Audit, legal, and other	8,241	1,940	5,283	3,199	21,347	16,497	8,103	3,249	24,275	490	25,207	10,637	128,468		
Investment Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Office Expense	55,481	19,394	27,582	15,013	3,181	36,222	154,958	23,129	20,497	12,109	60,880	9,898	438,344		
Information Technology	6,071	5,281	3,833	4,916	472	9,354	8,679	7,337	6,026	-	23,024	1,646	76,619		
Travel	16,916	846	52,648	35,956	4,121	19,094	19,762	11,721	4,167	537	14,264	96	180,128		
Specific assistance to individuals	1,007	-	-	2,225	-	-	393	1,962	-	-	-	-	5,587		
Field Trips															
Other	11,364	3,725	196	-	-	-	6,359	-	-	-	600	-	21,624		
TOTAL EXPENSES	1,252,765	357,575	689,751	509,694	95,650	461,680	1,301,678	397,237	301,694	209,470	837,466	79,396	6,494,056		
BEFORE DEPRECIATION															
Depreciation expense	112,401	77,219	30,185	12,398	3,971	10,613	35,026	223	-	-	85,781	-	367,839		
TOTAL EXPENSES	\$ 1,365,166	\$ 434,814	\$ 719,936	\$ 522,092	\$ 99,621	\$ 472,293	\$ 1,336,704	\$ 397,460	\$ 301,694	\$ 209,470	\$ 923,247	\$ 79,396	\$ 6,861,895		

See accompanying notes to financial statements.

KINGSLEY HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2009

	Program Services										Supporting Services		Total
	Pre-School Day Care	School Age Day Care/Youth	Adult Day Health Care	Family Life Services	Resources Center	Health Care for All	Early Head Start	Resettlement & Recovery Services	Community & Supportive Services	Participant Meals Program	Management and General	Fund-Raising	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Compensation and Related Expenses													
Employee benefits	60,232	5,536	32,368	17,175	9,039	29,593	60,709	27,545	97	9,122	43,070	2,305	296,791
Medical & Hospital	18,518	1,645	10,551	1,672	2,799	6,161	15,401	5,040	83	2,211	16,204	642	80,927
Retirement	4,791	574	2,486	1,153	1,091	1,676	3,721	1,923	11	533	3,567	224	21,750
Other	51,150	21,373	31,706	19,472	12,188	19,270	43,532	22,705	181	7,119	39,274	2,846	270,816
Payroll taxes	803,214	273,646	480,075	277,707	175,169	299,907	691,228	341,664	2,760	88,724	631,326	42,300	4,107,720
Total compensation and related expenses													
Conferences, conventions, and meetings	14,598	438	9,069	1,666	3,075	13,828	8,316	4,086	-	22	12,447	963	70,508
Food	14,347	2,058	2,211	63	539	3,561	8,899	1,348	-	144,821	3,855	95	183,797
Insurance	17,411	9,332	6,845	784	1,513	4,721	8,745	4,387	500	-	12,188	237	66,663
Property and casualty	10,856	8,675	5,500	1,067	43	2,105	4,436	414	500	-	13,308	53	46,957
Vehicles	-	-	11,787	-	-	-	-	-	-	-	-	-	11,787
Workers compensation	8,281	2,919	8,454	2,155	1,457	2,283	7,779	3,233	26	7,012	10,587	564	54,750
Membership dues	2,707	275	1,181	11	723	1,484	903	1,597	-	-	2,723	275	11,879
Occupancy	31,894	25,824	14,708	2,589	1,784	7,086	16,824	3,663	-	-	38,523	760	143,655
Utilities	-	-	-	-	5,705	6,568	-	23,750	-	-	-	-	36,023
Rent	52,012	13,674	11,117	2,282	-	3,511	25,475	2,206	-	780	35,247	328	146,632
Maintenance and repairs	50	50	50	-	-	-	50	-	-	-	-	-	200
Misc. occupancy	3,001	1,010	765	128	-	373	1,067	76	-	2,755	2,488	40	11,703
Waste pick-up	8,536	4,492	3,502	712	-	1,166	3,174	313	3	-	7,676	145	29,719
Guard service	244	414	143	298	439	504	87	332	-	-	2,830	1,368	6,659
Postage	242	40	228	402	-	2,100	374	475	-	-	2,978	-	8,225
Printing and publications	11,712	7,295	6,704	2,842	26,185	17,819	10,058	16,330	57	7,698	57,293	26,635	190,628
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental and maintenance of equipment	5,451	1,616	1,698	1,021	2,058	3,865	2,009	2,900	-	4,056	6,575	792	32,041
Supplies	54,712	14,821	29,299	1,609	13,989	16,437	48,910	22,243	1	4,674	25,026	452	232,173
Telephone	3,195	2,793	4,780	4,782	3,447	11,502	1,671	10,456	9	-	8,354	783	51,772
Travel	405	747	38,987	33,207	5,310	11,926	814	6,030	3	134	1,485	1	99,049
Specific assistance to individuals	248	-	-	2,690	-	72	20	4,299	-	-	-	-	7,329
Field trips	7,787	7,390	1,406	-	88	38	809	38	-	-	-	-	17,556
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Other	1,341	3,117	2,652	1,760	2,151	1,539	2,938	2,662	294	-	19,595	5	38,054
TOTAL EXPENSES													
BEFORE DEPRECIATION	1,052,244	380,626	641,161	337,775	243,675	414,395	844,586	452,502	4,153	260,676	896,504	102,182	5,630,479
Depreciation expense	114,162	80,970	33,290	14,775	6,209	11,449	36,106	223	-	-	89,592	-	386,776
TOTAL EXPENSES	\$ 1,166,406	\$ 461,596	\$ 674,451	\$ 352,550	\$ 249,884	\$ 425,844	\$ 880,692	\$ 452,725	\$ 4,153	\$ 260,676	\$ 986,096	\$ 102,182	\$ 6,017,255

See accompanying notes to financial statements.

KINGSLEY HOUSE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (390,315)	\$ (188,296)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	367,839	386,776
Unrealized (gains) losses on investments	(77,977)	120,142
Realized (gains) losses on investments	19,293	53,145
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(33,212)	(103,197)
(Increase) decrease in United Way funding for next year	(14,147)	(230,060)
(Increase) decrease in prepaid expenses	45,761	(32,717)
Increase (decrease) in accounts payable	(31,156)	(39,766)
Net cash used in operating activities	<u>(113,914)</u>	<u>(33,973)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of long-term investments	(39,476)	(2,907)
Purchases of investments	(528,962)	(651,888)
Proceeds from sales of investments	536,509	688,841
Purchase of land, buildings and equipment	(9,657)	(131,593)
Net cash used in investing activities	<u>(41,586)</u>	<u>(97,547)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on long-term debt	-	(60,000)
Net change in cash held for acquisition of property	(13,517)	4,196
Net cash used in financing activities	<u>(13,517)</u>	<u>(55,804)</u>

(continued)

KINGSLEY HOUSE, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Net increase (decrease) in cash and cash equivalents	\$ (169,017)	\$ (187,324)
Cash and cash equivalents, beginning of year	<u>512,563</u>	<u>699,887</u>
Cash and cash equivalents, end of year	<u>\$ 343,546</u>	<u>\$ 512,563</u>

SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION

Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
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See accompanying notes to financial statements.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Kingsley House, Inc. (the "Organization") is a United Way agency serving Southeast Louisiana. The Organization obtains funds from governmental grants and donor contributions. Approximately 64% and 10% of the Organization's revenues for the year ended June 30, 2010 came from government programs and from the United Way. Approximately 62% and 13% of the Organization's revenues for the year ended June 30, 2009 came from government programs and from the United Way.

Programs provided by the Organization are as follows:

- Pre-School Day Care - A state licensed Head Start center is provided for 140 children.
- School Age Day Care and Youth Programs – The agency operates after school programs for elementary children and teens as well as a full day summer camp.
- Adult Day Health Care - The Agency operates an adult day health care program for 84 elderly or disabled adults and a senior center for persons over 60 years old.
- Family Life Services - Intensive at-home counseling services are provided to families in crisis and at-risk of having their children removed from the home.
- Resource Center – During the June 30, 2009 fiscal year the Organization maintained a child welfare family resource center which provides family preservation and family support services in Ascension, St. Charles, St. James and St. John Parishes in Southeast Louisiana. Due to budget constraints at the state level the major contract supporting the resource center was not renewed resulting in the closure of the resource center office on June 30, 2009. Limited services will still be provided in the service area for a truancy abatement program.
- Health Care for All - The agency has a program to increase enrollment, in Southeast Louisiana, in the Louisiana Child Health Insurance Program, Louisiana Medicaid Program and Louisiana Food Stamp Program.
- Early Head Start – A state licensed Early Head Start center for 76 children.
- Community and Supportive Services – The agency provides intensive case management services for former St. Bernard Housing Development residents as they resettle in a redeveloped mixed income community.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Resettlement and Recovery Services - Following Hurricane Katrina, the Organization developed a program to help families recover from the effects of Hurricane Katrina by providing intensive in-home counseling and conducting outreach activities designed to respond to medical and nutritional needs of individuals and families.
- Participant Meals Program – The Organization operates a full kitchen to prepare and serve breakfast, lunch, and snacks to participants in the Pre-School Day Care, School Age Day Care, and Youth and Adult Day Health Care programs.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basis financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Organization.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donated Services

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received 10,341 and 11,908 volunteer hours for the years ended June 30, 2010 and 2009, respectively.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the useful life of the donated asset. The Organization reclassifies temporarily restricted net assets to unrestricted net assets over such useful life.

Expense Allocation

Expenses are charged to each program directly when the charge is identified to the program. Program expenditures which cannot be directly identified to a program are allocated based on square footage, usage statistics, employees, and ratio of program expenses to total expenses as appropriate. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 190(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents, except that assets restricted for long-term purposes are not included as cash equivalents regardless of the liquidity.

Investment Securities

The Organization follows the Financial Accounting Standards Board ASC 958, Not-For-Profit Entities. Standards for accounting for investment securities are contained in FASB ASC 958-320, *Investments-Debt and Equity Securities*. The Organization is required to report investments with readily determinable fair values and all investments in debt securities at fair value. Gains and losses, both realized and unrealized, interest and dividends are included in the statements of changes in unrestricted net assets. Investments received as gifts are recorded at the fair value at the date of the gift.

Land, Buildings and Equipment

Land, buildings and equipment are carried at cost. All expenditures for land, buildings and equipment and the fair value of donated land, buildings and equipment in excess of \$1,000 are capitalized, except expenditures from federal and other awards, which have different capitalization thresholds and the Organization does not capitalize property purchased with resources from grants that specify that the title remains with or reverts to grantor. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives range from five to twenty five years.

Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate amounts to assure adequate financing of such improvements and acquisitions.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated by management through December 21, 2010, the date the financial statements were available to be issued.

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

Substantially all of the restrictions on net assets at June 30, 2010 and 2009 relate to funds raised through the Second Century Campaign, Capital Campaign, United Way funding for the next year and prior years funds restricted to purchasing or improving equipment and facilities.

The Organization solicited contributions to renovate the existing facilities through its two Capital Campaigns. Temporarily restricted net assets related to the Capital Campaigns represent the undepreciated portion of renovation expenditures. In accordance with the Organization's policy, these restrictions will be released as the assets are depreciated.

Temporarily restricted net assets are available as follows:

	2010	2009
United Way funding for next year	\$ 551,109	\$ 536,962
Renovation of Kingsley House facility	4,245,500	4,522,677
Use restricted for facility improvements/operations	(28,900)	144,916
	<u>\$4,767,709</u>	<u>\$5,204,555</u>

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2010</u>	<u>2009</u>
United Way services	\$ 551,109	\$ 536,962
	<u>\$ 551,109</u>	<u>\$ 536,962</u>

All current year amounts are due in less than one year.

The amount due from the United Way consists of the general allocation of \$551,109 and \$536,962 for 2010 and 2009, respectively.

NOTE 4 - INVESTMENTS

The following is a summary of investments at June 30, 2010 and 2009:

	<u>June 30, 2010</u>		
	<u>Cost or Donated Value</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money funds	\$ 48,965	\$ 48,965	\$ -
Greater New Orleans Foundation			
Kingsley House Fund	59,035	63,724	4,689
Corporate bonds	526,225	506,042	(20,183)
Common stocks	736,532	818,169	81,637
Other	<u>-</u>	<u>3,092</u>	<u>3,092</u>
	<u>\$ 1,370,757</u>	<u>\$ 1,439,992</u>	<u>\$ 69,235</u>
	<u>June 30, 2009</u>		
	<u>Cost or Donated Value</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money funds	\$ 82,647	\$ 82,647	\$ -
Greater New Orleans Foundation			
Kingsley House Fund	31,285	34,147	2,862
Corporate bonds	515,420	506,867	(8,553)
Common stocks	<u>740,453</u>	<u>725,718</u>	<u>(14,735)</u>
	<u>\$ 1,369,805</u>	<u>\$ 1,349,379</u>	<u>\$ (20,426)</u>

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 4 - INVESTMENTS (CONTINUED)

Investments are included in the accompanying Statements of Financial Position at fair value as follows:

	<u>2010</u>	<u>2009</u>
Investments	\$1,260,723	\$1,209,586
Long-term investments	<u>179,269</u>	<u>139,793</u>
	<u>\$1,439,992</u>	<u>\$1,349,379</u>

The following schedules summarize the investment return and its classification in the accompanying Statement of Activities:

	<u>June 30, 2010</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 47,075	\$ 2,752	\$ 49,827
Net realized gains	8,257	244	8,501
Net unrealized gains	<u>76,636</u>	<u>10,547</u>	<u>87,183</u>
Total investment income	<u>\$ 131,968</u>	<u>\$ 13,543</u>	<u>\$ 145,511</u>

	<u>June 30, 2009</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 58,675	\$ -	\$ 58,675
Net realized (losses)	(53,145)	-	(53,145)
Net unrealized (losses)	<u>(120,142)</u>	<u>-</u>	<u>(120,142)</u>
Total investment (loss)	<u>\$ (114,612)</u>	<u>\$ -</u>	<u>\$ (114,612)</u>

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

At June 30, 2010, the costs and related accumulated depreciation of land, buildings and equipment consisted of the following:

	Cost	Accumulated Depreciation	Net
Land	\$ 87,402	\$ -	\$ 87,402
Buildings	9,569,270	4,524,910	5,044,360
Improvements	174,840	95,411	79,429
Construction in progress	23,292	-	23,292
Transportation equipment	115,627	115,627	-
Furniture, fixtures, and equipment	571,208	468,471	102,737
	<u>\$10,541,639</u>	<u>\$5,204,419</u>	<u>\$5,337,220</u>

At June 30, 2009, the costs and related accumulated depreciation of land, buildings and equipment consisted of the following:

	Cost	Accumulated Depreciation	Net
Land	\$ 87,402	\$ -	\$ 87,402
Buildings	9,569,270	4,198,920	5,370,350
Improvements	174,841	91,342	83,499
Construction in progress	23,293	-	23,293
Transportation equipment	115,628	115,628	-
Furniture, fixtures, and equipment	561,551	430,693	130,858
	<u>\$10,531,985</u>	<u>\$4,836,583</u>	<u>\$5,695,402</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$367,839 and \$386,776, respectively.

NOTE 6 - LEASES

The Organization leases service facilities under the terms of annual renewal lease agreements accounted for as operating leases requiring monthly payments of \$2,050.

Lease expense for the years ended June 30, 2010 and 2009 was \$31,150 and \$35,840, respectively.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 7 - LINE OF CREDIT

The Organization has the following line of credit outstanding as of June 30, 2010:

Line of credit, unsecured, payable to a bank bearing interest at a variable annual rate (5 % at June 30, 2010); the line of credit was renewed through July 28, 2012; total credit line is \$300,000.

There was no outstanding balance at June 30, 2010.

There were no borrowings under the line of credit for the years ended June 30, 2010 and June 30, 2009.

NOTE 8 - RETIREMENT PLAN

The Organization maintains a noncontributory defined contribution retirement plan for employees who have attained age 21 and have completed eighteen months of service by January 1 or July 1 of the following year without going over a two year anniversary. Employees receive a 100% vested interest in all contributions by the Organization on their behalf. Contributions for the period July 1, 2009 through June 30, 2010 were based on 3.5% of plan participants' salaries. Total retirement plan expense was \$92,028 and \$80,927 for the years ended June 30, 2010 and 2009, respectively. The Organization funds the retirement plan cost accrued for the year.

NOTE 9 - CONTINGENCIES

The Organization received a portion of its revenue from government grants, which are subject to audit by the respective funding source. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by such governmental units. Until such audits have been completed and final settlement is reached, there exists a contingency to refund any amount received in excess of allowance costs. Management is of the opinion that no material liability will result from any such audits.

NOTE 10 - COMMITMENTS

In 2002, the Organization signed a Cooperative Endeavor Agreement with the Orleans Parish School Board which provides for the right of use of a tract of land by the Organization from the School Board. The right of use is for a term of 50 years. The right of use also contains a renewal term of 49 additional years at the Organization's option. The tract of land is divided into three sections. As amended by the Orleans Parish School Board subsequent to Hurricane Katrina, the right of use requires the Organization to build on each of the three sections within 10, 15, and 20 years, respectively. Failure to complete the improvements within the stipulated period results in termination of the agreement for the section of land in which construction did not occur.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 11 - BOARD OF DIRECTORS COMPENSATION

The Board of Directors of Kingsley House serves and directs the Organization on a voluntary basis. The Board does not receive compensation.

NOTE 12 - COUNCIL ON AGING

Contracts with the New Orleans Council on Aging for the year ending June 30, 2010 are as follows.

	<u>Senior Center</u>
Revenues	<u>\$ 56,458</u>
Expenses:	
Compensation and related expenses	\$ 45,130
Supplies	1,442
Operating services	<u>9,886</u>
Net	<u><u>\$ -</u></u>

SUPPLEMENTARY INFORMATION

KINGSLEY HOUSE, INC.
SCHEDULE OF SUPPORT, REVENUES AND EXPENSES
IN ACCORDANCE WITH UNITED WAY REQUIREMENTS (UNAUDITED)
YEAR ENDED JUNE 30, 2010

	Agency Total	Supporting Services Management and General	Fund Raising	Total Program Services
REVENUE:				
Client Generated Self Support	\$ 88,650	\$ -	\$ -	\$ 88,650
Governmental Grants/Contracts	4,158,089	-	64,562	4,093,527
Other Foundations or National Grants	1,443,296		186,228	1,257,068
Other Revenue	181,770	100,978	38,922	41,870
TOTAL SELF-GENERATED REVENUE	5,871,805	100,978	289,712	5,481,115
United Way Designation	29,666	-	29,666	-
CFC Designation	4,880	-	4,880	-
Other United Way Allocations	55,944	-	444	55,500
TOTAL REVENUE	5,962,295	100,978	324,702	5,536,615
United Way Allocation-GNO	536,962	-	-	536,962
GRAND TOTAL REVENUE	\$ 6,499,257	\$ 100,978	\$ 324,702	\$ 6,073,577
EXPENSES:				
Salaries	\$ 3,983,487	\$ 519,440	\$ 47,729	\$ 3,416,318
Benefits	506,619	73,761	3,622	429,236
Taxes	313,503	42,512	3,616	267,375
Occupancy Expenses	485,075	49,071	1,402	434,602
Travel & Transportation	233,241	16,917	96	216,228
Office Supplies	86,309	17,229	6,292	62,788
Printing	13,840	3,046	1,373	9,421
Direct Assistance to Individuals	5,587	-	-	5,587
Other	856,607	105,701	15,266	735,640
GRAND TOTAL EXPENSES	\$ 6,484,268	\$ 827,677	\$ 79,396	\$ 5,577,195
NET DIFFERENCE	\$ 14,989	\$ (726,699)	\$ 245,306	\$ 496,382
Depreciation	\$ 367,839	\$ 85,781	\$ -	\$ 282,058

Total Direct Program Expenses
Percentage of Total Program Expenses
Distribution of M&G Expenses
Grand Total Program Expenses
Undup. People Served
Cost per Person

**SCHEDULE OF SUPPORT, REVENUES AND EXPENSES
IN ACCORDANCE WITH UNITED WAY REQUIREMENTS (UNAUDITED)
YEAR ENDED JUNE 30, 2010**

Program Services										Resettlement			Participant Meals Program
Pre-School Day Care	School		Adult Day Health Care	Family Life Services	Resource Center	Health Care for All	Early Head Start	Recovery Services	Community & Supportive Services				
	Age Day	Care/Youth											
-	67,745	20,905	-	-	-	-	-	-	-	-	-	240,853	
1,204,787	132,637	721,726	467,220	46,258	100,000	1,180,046	0	349,417	353,460	-	-	-	
-	75,325	-	98,209	-	380,657	-	-	-	-	-	-	-	
-	34,935	-	-	0	6,935	-	-	-	-	-	-	-	
1,204,787	310,642	742,631	565,429	46,258	487,592	1,180,046	1,180,046	349,417	353,460	-	-	240,853	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	55,500	-	-	0	-	-	-	-	-	
1,204,787	310,642	742,631	565,429	101,758	487,592	1,180,046	1,180,046	349,417	353,460	-	-	240,853	
51,728	99,500	85,500	-	-	-	139,859	160,375	-	-	-	-	-	
\$ 1,256,515	\$ 410,142	\$ 828,131	\$ 565,429	\$ 101,758	\$ 487,592	\$ 1,319,905	\$ 509,792	\$ 353,460	\$ 240,853				
\$ 823,187	\$ 231,723	\$ 419,206	\$ 342,969	\$ 45,059	\$ 266,460	\$ 805,752	245,361	193,874	42,727	-	-	-	
109,781	11,473	53,038	44,732	5,207	48,090	104,770	30,932	13,413	7,800	-	-	-	
63,360	19,207	31,607	26,730	3,482	21,883	62,569	18,398	15,861	4,278	-	-	-	
101,713	47,801	73,499	26,086	3,849	31,317	75,869	46,164	16,006	12,298	-	-	-	
24,663	1,735	54,952	37,129	25,805	21,554	30,016	13,255	6,582	537	-	-	-	
9,310	3,633	5,838	3,065	1,230	10,284	19,349	4,373	5,706	-	-	-	-	
2,229	169	697	1,200	0	1,758	2,170	916	282	-	-	-	-	
1,007	0	2,225	2,225	0	0	393	1,962	-	-	-	-	-	
117,515	41,834	50,914	25,559	11,018	60,334	200,790	35,876	49,970	141,830	-	-	-	
\$ 1,252,765	\$ 357,575	\$ 689,751	\$ 509,695	\$ 95,650	\$ 461,680	\$ 1,301,678	\$ 397,237	\$ 301,694	\$ 209,470	-	-	-	
\$ 3,750	\$ 52,567	\$ 138,380	\$ 55,734	\$ 6,108	\$ 25,912	\$ 18,227	\$ 112,555	\$ 51,766	\$ 31,383	-	-	-	
\$ 112,403	\$ 77,239	\$ 30,185	\$ 12,398	\$ 3,971	\$ 10,613	\$ 35,026	\$ 223	\$ -	\$ -	-	-	-	
1,365,168	434,814	719,936	522,093	99,621	472,293	1,336,704	397,460	301,694	209,470	-	-	-	
\$ 1,252,765	\$ 357,575	\$ 689,751	\$ 509,695	\$ 95,650	\$ 461,680	\$ 1,301,678	\$ 397,237	\$ 301,694	\$ 209,470	-	-	-	
22.46%	6.41%	12.37%	9.14%	1.72%	8.28%	23.34%	7.12%	5.41%	3.76%	-	-	-	
\$ 185,915	\$ 53,065	\$ 102,362	\$ 75,641	\$ 14,195	\$ 68,515	\$ 193,174	\$ 58,951	\$ 44,773	\$ 31,086	-	-	-	
\$ 1,438,680	\$ 410,640	\$ 792,113	\$ 585,336	\$ 109,845	\$ 530,195	\$ 1,494,852	\$ 456,188	\$ 346,467	\$ 240,556	-	-	-	
434	365	102	601	176	2,301	190	907	442	-	-	-	-	
\$ 3,315	\$ 1,125	\$ 7,766	\$ 974	\$ 624	\$ 230	\$ 7,868	\$ 503	\$ 784	-	-	-	-	

KINGSLEY HOUSE, INC.
SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES
IN ACCORDANCE WITH UNITED WAY REQUIREMENTS
(UNAUDITED)
Year Ended June 30, 2010

Total Revenues, Gains and Other Support per Statement of Activities	\$ 6,471,798
------------------------------------------------------------------------	--------------

United Way Funding for the year	536,962
United Way Funding for next year	(551,109)
Unearned revenue-net	173,820
Contribution for Equipment	(9,655)
Contribution to permanently restricted fund	(27,750)
Gain on sale of stock	(8,499)
Unrealized gain on investments	(87,183)
Other investment income	873
	\$ 6,499,257

Reconciliation of total expenses is as follows:

Total expenses per Statement of Activities	\$ 6,862,113
Miscellaneous	(10,006)
Depreciation	(367,839)
	\$ 6,484,268

ALLOCATION OF MANAGEMENT AND GENERAL EXPENSES

Management and general expenses were allocated to the various programs based on the ratio of direct expenses for the specific program to total program expenses.

The specific programs include revenue grant funds which were restricted to the purchase of furnishings, equipment and building improvements. These expenditures were capitalized and not included in the expenses on the schedule at June 30, 2010.

Programs:

Management & General	\$ 5,220
Family Life	1,838
Methodist	2,597
	\$ 9,655

**OMB CIRCULAR A-133 COMPLIANCE AND
GOVERNMENT AUDITING STANDARDS REPORT**

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Kingsley House, Inc.
New Orleans, Louisiana

We have audited the financial statements of Kingsley House, Inc. (the "Organization"), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Audit Committee, management, the Board of Directors, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Reboue & Company

December 21, 2010

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Kingsley House, Inc.
New Orleans, Louisiana

Compliance

We have audited the compliance of Kingsley House, Inc. (the "Organization") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, Kingsley House, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Kingsley House, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information of the Audit Committee, management, Board of Directors, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

December 21, 2010

KINGSLEY HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:			
Passed-through Total Community Action, Inc.			
Head Start Act:			
Head Start*	93.600	06CH0473	\$1,161,316
Early Head Start*	93.600	06YC0521	1,015,357
Head Start – ARRA*	93.708		83,153
Early Head Start – ARRA*	93.709		<u>125,007</u>
			<u>2,384,833</u>
Passed-through Louisiana Department of Social Services:			
Social Services Block Grant:			
Family Preservation*	93.667	TID4034	<u>381,734</u>
Passed-through Louisiana Department of Health and Hospitals			
Office of Community Health Services:			
Nicholls State	93.958	0630KIN	<u>46,258</u>
Total U.S. Department of Health and Human Services			<u>2,812,825</u>
U.S. Department of Agriculture			
Passed-through Louisiana Department of Education			
Child and Adult Care Food Program			
Preschool/Early Head Start/ School Age	10.558	CC93-432	<u>240,852</u>

KINGSLEY HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice			
Passed-through Louisiana Commission on Law Enforcement			
Crime Victim Assistance Youth	16.575	CD7-9-006	49,133
Juvenile Justice and Delinquency Prevention	16.540	J06-8-014	<u>20,205</u> <u>69,338</u>
U.S. Department of Education			
Passed-through Louisiana Department of Education			
Twenty First Century Community Learning Center	84.287	662744	<u>56,898</u>
Total Expenditures of Federal Awards			<u>\$3,179,913</u>

* Identified as a major program.

The accompanying footnotes are an integral part of this schedule.

KINGSLEY HOUSE, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

KINGSLEY HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

A. SUMMARY OF AUDITOR'S RESULTS

- The Auditor's Report expresses an unqualified opinion on the financial statements of Kingsley House, Inc. (the "Organization").
- No significant deficiencies in internal control over financial reporting are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of Kingsley House, Inc. are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No significant deficiencies relating to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
- The Auditor's Report on compliance for the major federal award programs for the Organization expresses an unqualified opinion on all major federal programs.
- There were no findings that are required to be reported under Section 501(a) of OMB Circular A-133.
- A management letter was not issued for the year ended June 30, 2010.
- The programs tested as major programs for the fiscal year ended June 30, 2010 were:

Department of Health and Human Services:

Head Start	(CFDA #93.600)
Early Head Start	(CFDA #93.600)
Head Start - ARRA	(CFDA #93.708)
Early Head Start - ARRA	(CFDA #93.709)
Social Services Block Grant	(CFDA #93.667)

- The threshold for distinguishing between Type A and Type B programs was \$300,000.
- Kingsley House, Inc. was determined to be a low-risk auditee.

KINGSLEY HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2010

B. SCHEDULE OF FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2010.

C. SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no findings related to federal awards for the year ended June 30, 2010.

KINGSLEY HOUSE, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2009.

SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to federal awards for the year ended June 30, 2009.

SECTION III - MANAGEMENT LETTER

No management letter was issued for the year ended June 30, 2009.

KINGSLEY HOUSE, INC.
CORRECTIVE ACTION PLAN
Year Ended June 30, 2010

There were no findings for the year ended June 30, 2010; therefore, there is no corrective action plan from management.